



FOP, Montgomery County Lodge 35

Negotiations News

Article 24 – Insurance Benefits Article 57 - Retirement

February 8, 2008

Fraternal Order of Police, Lodge 35 and Montgomery County, Maryland began bargaining a re-opener of contract articles 24 and 57 in September 2007. This re-opener was part of the 2007 arbitration award of the current collective bargaining agreement.¹

Mediation began on November 21, 2007. *Bona fide* impasse was declared by Arbitrator Richard Bloch. Both parties submitted final offers to the arbitrator. Upon receipt of FOP 35's final offer the county acceded. The arbitrator's November 29, 2008 award was FOP 35's final offer; therefore there will be no ratification vote by the general membership.

The new language is included below. Points of particular interest are:

- **Prescription drug plan** (Article 24, Section C)
- **DROP program** (Article 57, Section O)
- **Law Enforcement Officer Safety Act training** (Article 57, Section P)
- **Maximum retirement to 86.4% at 36 years of service** (Article 57, Section T)
- **Unreduced pension at 25 years of credited service** (Article 57, Section U)
- **Purchase of service credit up to one year of Leave Without Pay** (Article 57, Section V)

Many thanks to the Negotiations Committee who spent long hours and late nights in pursuit of this award: Walter Bader, Dana Brown, Mike Willis, Torrie Cooke, Melanie Eberly, Suzanne Beam, and Denise Gill. Special thanks to retired member Winnie Johnson for her continued dedication. When you see them, offer them your thanks.

Marc B. Zifcak
President

¹ A copy of the current agreement is available at www.foplodge35.com.

Article 24 Insurance Coverage and Premiums

Section A. Health Benefits. By agreement, effective January 1, 1995, and subject to §M, the County reduced its contribution with respect to each separate medical and hospitalization plan, calculated separately for individual and family coverage, to 80% of the actual premium charged by an HMO or, in the case of self-insured plans, 80% of the projected premium rate for the calendar year in which the rates are to be effective. The member shall pay the remaining 20% of the plan s/he selects. The rates for each self-insured plan shall be calculated using standard actuarial principles with separate medical trends determined which reflect plan design. The rate will include a 2% administrative fee. Lodge 35 shall be provided with information (including but not limited to all actuarial and consultant reports) enabling it to review the premium determinations. In other respects the comprehensive health benefit program shall remain in effect except as provided below.

Section B. Optical Benefits.

1. Employees will continue to benefit participate in the County-wide Optical program at levels in effect on January 1, 2000. In addition, this benefit shall extend coverage to include contact lenses in lieu of eyeglasses. Costs shall be shared as provided in §A.
2. Effective January 2, 2002, a new discount vision program was implemented for future retirees.

Section C. Prescription Drug Plan. Effective January 1, 2009, the County shall provide prescription plans (Prescription Drug Plan - \$5/\$10 co-pays and Modified Prescription Drug Plan Option - \$10/\$20/\$35 co-pays with a \$50 deductible) for all active employees. Employees who select the Modified Plan Option shall pay 20% of the cost of the Modified Prescription Drug Plan Option. The Employer shall pay the remaining 80% of the cost of the Modified Prescription Drug Plan Option. For employees who select the Prescription Drug Plan, the employer shall pay 80% of the total premium cost of the Modified Prescription Drug Plan Option and the employee shall pay the remainder of the prescription drug plan premium.

Both prescription drug plans shall restrict generics. In the event the employee elects to receive a brand medication when a generic medication is available, the member shall pay the cost difference between the brand and generic medication, however, in the event a physician requires a brand medication, the employee shall not be responsible for the difference in cost.

Both prescription plans shall provide require that if an employee fills a prescription at retail more than twice, rather than utilizing mail-order, the member shall pay the cost difference.

Except as otherwise provided herein, costs shall be shared as provided in §A. If, during the term of this Agreement, the parties agree to a Canadian drug program as an employee option, that plan may be implemented.

Section D Unit Members shall continue to be eligible to participate in the Point of Service Plan or its successors. [see Appendix D] Appendix D was amended effective 1/1/04, to provide for the "open access" feature. [see Appendix S]

Section E. Pre-tax Premiums. Employee contributions to Health Benefit Plans shall continue to be effected in a manner so that the premiums shall be pre-tax.

Section F. Bidding. If the County determines to get competing bids for existing HMOs and/or the administrator of its medical plans, and thereafter determines to terminate enrollments in existing plans it shall assure that benefits of those terminated enrollees shall not be reduced (or costs raised). If the employer determines to terminate or replace an existing HMO or Point of Service Plan, the Employer shall use its best efforts to obtain (or if the Plan is self administered, shall provide) reasonable transition rules permitting employees receiving ongoing medical treatment for an illness or injury to remain in the care of the treating physician[s] where that continuation is practicable and medically indicated. When the County terminates an existing HMO or Point of Service administrator, it shall open the point of service plan, and all existing HMOs to enrollees of the terminated plan[s].

Section G. Other Benefits. The County shall also contribute 80% of the premiums determined for any calendar year for benefit plans not included in §A. The unit member shall pay the remaining 20%. The FOP shall be provided with information (including but not limited to all actuarial and consultant reports) enabling it to review the premium determinations.

Section H. Premium Calculations. Premiums for all plans shall be established using standard actuarial principles or actual rates being charged by the carrier or HMO. Covered employees for premium calculation purposes shall include all employees receiving the same benefits.

Section I. Premium Changes. If contributions for any calendar year exceed expenses during the plan year, the premium may be adjusted, reduced, or eliminated for specific pay dates. The method of such adjustment, reduction or elimination shall be agreed upon by the parties.

Section J. Retiree Health Benefits.

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Section K. Unbundling of Benefits. Effective January 1, 1999, insurance benefits will be “unbundled.” LTD and basic life shall be mandatory and certain agreed re-entry restrictions for dental and vision will apply.

Section L. Dental Maintenance Organization. Effective January 1, 2000, the Employer shall offer an optional [Dental Maintenance Organization] DMO.

Section M. Medical Spending Accounts. All health insurance participants shall be eligible to maintain Medical Spending Accounts.

Section N. Optional Term Life Insurance. Effective July 1, 1999, employees may purchase group life insurance in amounts equal to one, two or three times salary provided they pay 100% of the premiums. This benefit shall carry into retirement to age 70. There shall be no pre-qualification for those who elect this insurance during initial implementation or initial employment. Thereafter, a medical examination and/or medical questionnaire may be required. Eligibility shall be extended to all employees who were in the bargaining unit as of January 1, 1999.

Section O. Domestic Partners.

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Section P. FOP members who reside outside the service area as defined by the current POS medical plan, shall be eligible for a schedule of benefits comparable to the current in-network and out-of-network benefit levels of the current POS plan through a Preferred Provider Organization (PPO) plan to be effective January 1, 2002.

Section Q. Long Term Care. Unit members are eligible to participate in the County-sponsored Long Term Care Program, under terms established as of September 1, 2001, at 100% of the cost established by the carrier.

Section R. Optional Plans.

1. Modified POS Plan Option. Unit members are eligible to participate in a new modified Point-of-Service health benefit plan with lower premiums but higher co-pays.
2. Consumer Driven Health Care Option. Unit members are eligible to participate in a Consumer Driven Health Care Plan, should that option become available.

Section S. Employee Plus One Option. Effective January 1, 2005, the Employer shall offer optional "employee plus one" coverage for applicable group insurance plans.

Section T. Group Insurance Program Changes

1. *Dependent Life Insurance.* Add additional dependent life insurance options for bargaining unit employees of:
\$4,000 spouse; \$2,000 child to age 21; \$100 newborn under age 6 months
\$10,000 spouse; \$5,000 child to age 21; \$100 newborn under age 6 months
These additional options will be offered on an employee pay all basis.
2. Effective January 1, 2006, both prescription plans will be available to bargaining unit employees who elect a medical plan which has no prescription coverage, as well as to those who elect no medical coverage.

Section U. Post Employment Group Insurance and Committee

1. For employees hired before July 1, 2008, eligibility and contribution for post employment group insurance shall remain status quo except as modified by this CBA.
2. *Post-Employment Group Insurance Committee.* The parties agree to establish a joint committee consisting of an equal number of union representatives and employer representatives for the purposes of studying insurance cost saving measures regarding post-employment group insurance, including eligibility, premium share for employees hired on or after July 1, 2008, and coverage. The committee shall report to the parties before September 1, 2009.
3. The parties may, by agreement, amend this article during the term of this agreement to provide for HRA, RRA or other provisions and amend premium shares for employees hired on or after July 1, 2008.

Article 57
Retirement

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Section O. DROP. The Employer shall submit legislation to the County Council to amend Montgomery County Code, Chapter 33, Article II to provide for the revisions *infra*.

The DROP under section 33-38A shall be re-established as follows:

The Chief Administrative Officer must establish Deferred Retirement Option Plans, or DROP plans, that allow any employee who is a member of a specified membership group or bargaining unit and who meets the eligibility requirements to elect to retire but continue to work. Pension payments must not be paid to the member while the member participates in the DROP Plan.

When the member's participation in the DROP Plan ends, the member must stop working for the County, draw a pension benefit based on the member's credited service and earnings as of the date that the member began to participate in the DROP Plan, and receive the value of the DROP Plan payoff.

(a) DROP Plan for Group F members. "Discontinued Retirement Service Program" or "DRSP" means the DROP program for Group F members.

(1) Eligibility. A Group F member who is at least 46 years old and has at least 25 years of credited service may participate in the DRSP/DROP.

(2) Application requirements. An eligible employee must apply at least 60 days before the employee becomes a participant. An employee may withdraw a pending application within 2 weeks after submitting the application.

(3) Employee participation and termination. The employee's participation in the DRSP must begin on the first day of a month that begins at least 60 days, but not more than 90 days, after the employee applied and must end 3 years after the employee begins to participate or at an earlier date chosen by the employee. When the employee's participation in the program ends, the employee must stop working for the County and receive a pension benefit.

(4) Employment status. An employee who participates in the program must continue to be a member of the retirement system, earn sick and annual leave, and remain eligible to participate in health and life insurance programs.

(5) Retirement date, retirement contributions, and credited service. The retirement date of an employee who participates in the program is the date when the employee begins to participate in the DRSP, and neither the employee nor the County will make retirement contributions after that date. An employee who wishes to purchase prior service must do so before the employee's participation in the program begins. Sick leave in excess of 80 hours will be credited towards retirement at the beginning of the employee's participation.

(6) Pension benefits.

(A) Before an employee's participation begins, the employee must select a:

(i) pension payment option under Section 33-44 for the regular retirement pension payments; and

(ii) pension payment distribution option for the distribution of the employee's DRSP account.

(B) Pension benefits will not be paid to the employee while the employee participates in the program, but will be deposited in a DRSP account established for the participant by the County. The participant must receive the account balance and the County must close the account within 60 days after the employee's participation in the program ends. Subject to the IRC, IRS regulations and other law, the employee may direct that the account balance be rolled over into any qualifying account.

(C) An employee must direct the Board of Investment Trustees to allocate contributions to the employee's DRSP account to be invested in one or more of the investment funds selected by the Board. The investment fund options selected by the Board must conform to all applicable requirements of the Internal Revenue Code. An employee must allocate contributions among the investment funds in percentages of the value of the employee's

DRSP account balances. An employee's direction of investment must remain in effect until the employee changes the direction. If an employee does not provide a valid direction of investment, the Board must select an appropriate investment option and invest the DRSP account balances not governed by a valid direction of investment in the investment option.

(D) After the employee's participation in the program ends, the employee's pension benefit will be based on:

- (i) the employee's credited service immediately prior to the beginning of the employee's participation in the program, adjusted to include credit for unused sick leave under Section 33-41;
- (ii) the employee's average final earnings, excluding earnings during the period of participation in the program; and
- (iii) increases in the consumer price index during the period of the employee's participation that would have resulted in an increase in the employee's pension benefit if the employee had not been participating in the program.

(7) Disability retirement. An employee may apply for disability retirement prior to the termination of the employee's participation in the program. An employee who receives a service-connected disability retirement will receive the balance in the DRSP account less an amount equal to the full actuarial value of the credited service which the employee would have received if the employee had not participated in the program. If an employee's participation in the program ends before a final decision is made on the disability retirement application, the balance of the DRSP account will not be distributed until a final decision is made.

(8) Death benefit. If an employee dies during the employee's participation in the program, the employee's beneficiary will receive:

- (A) the death benefit that the beneficiary would have received if the employee had retired on the date on which the employee began to participate in the program, adjusted under subsection (6)(D); and
- (B) the balance of the employee's DRSP account.

(9) DRSP account distribution options. An employee may elect to have the balance of the DRSP account distributed as a lump sum or an annuity, or to have some or all paid directly to an eligible retirement plan as a direct rollover distribution. To the extent feasible as determined by the Chief Administrative Officer, an employee alternatively may choose to receive the account balance as periodic payments calculated and distributed as an addition to the employee's regular retirement benefit. If the employee dies before the balance of the DRSP account is distributed, the beneficiary may elect to receive distribution of the balance according to any option described in this paragraph.

Section P. Continuation of Training. The Employer will continue Law Enforcement Officer Safety Act necessary training and opportunity for qualification for all future retirees who are eligible under law.

Section Q. Retirement Election Date. A member must submit written application for retirement at least two weeks before the date elected. The elected retirement date must occur on the first of the Month. In extenuating circumstances, the Chief Administrative Officer may waive the two week requirement.

Section R. Future Retiree Health Premiums. The Employer will cause retiree health premiums to be paid in a manner that results in the most favored tax treatment for the retired employee. However, until systems are improved to allow for more frequent adjustments, the adjustment may be made on an annual federal tax year basis.

Section S. Implementation of Sections O, T, and U.

1. In implementing Sections O, T and U, this Article may be modified, after consultation between the parties, if the Internal Revenue Service advises that it jeopardizes the qualification of the *Employees Retirement System*.

2. Communications. To the extent practicable, the parties agree to continue to share all communications (including documents) between either party and the County Council pertaining to implementation of Sections O, T and U and when the parties learn of a meeting of the Council or any of its committees pertaining to the changes, each party will promptly notify the other of the meeting date, time and place.

3. Grievances:

a. Grievances claiming a violation of § O may be referred by either party to expedited arbitration by providing written notice to the other party within fifteen (15) calendar days after receipt of the CAO response by Lodge 35 or within fifteen (15) days after the expiration of the 75 day period referenced at Article 8, Section C.

b. An Arbitration under this section shall be held before an arbitrator selected pursuant to Article 8 Section E. The arbitrator shall issue his award within twenty days after the hearing, which shall be held as promptly as the circumstances permit.

c. In other respects, the procedures set out in Article 8 shall apply.

Section T. The Employer shall submit legislation to the County Council to amend Montgomery County Code, Chapter 33, Article II to provide for the revisions *infra*.

For Group F bargaining unit members in the Optional Non-Integrated Retirement plan, who retires on a normal retirement, the annual pension shall be computed as follows: 2.4% of average final earnings multiplied by years of credited service up to a maximum of 36 years, including sick leave credits. The maximum benefit with sick leave credits shall not exceed 86.4% of average final earnings.

For Group F bargaining unit members in the Integrated Retirement plans, who retires on a normal retirement, the annual pension shall be computed as follows: From date of retirement to the month of attainment of social security age: 2.4% of average final earnings multiplied by years of credited service up to a maximum of 36 years, including sick leave credits. The maximum benefit with sick leave credits shall not exceed 86.4% of average final earnings.

Section U. Attainment of 25 years of Service. The Employer shall submit legislation to the County Council to amend Montgomery County Code, Chapter 33, Article II to provide for the revisions *infra*.

A bargaining unit employee who attains 25 years of credited service shall be eligible to receive an unreduced pension regardless of age.

Section V. Leave Without Pay. The Employer shall submit legislation to the County Council to amend Montgomery County Code, Chapter 33, Article II to provide for the revisions *infra*.

A unit member who is on leave without pay shall have the opportunity to purchase service at the true actuarial cost for up to one year of such absence.

Legislation required under this article shall be submitted to the County Council on or before April 1, 2008 with an effective date of July 1, 2008.

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The parties also agree to the following:

Memorandum of Understanding

The parties executed a tentative agreement on October 23, 2007 which removed or changed the following accomplished sections from Article 24 of the collective bargaining agreement: D, E (redrafted), the last sentence of F, G, H, the reference to the indemnity plan in J, L, and N. It is further understood that the removal of or changes to these sections is not intended to result in the elimination of the POS plan or to reduce, eliminate, modify, or have an adverse impact on any provision in the agreement.

Memorandum of Understanding

The parties herein agree to jointly submit proposed legislation eliminating the mandatory retirement age for Police Bargaining Unit members as provided for in Montgomery County Code, § 33-38(c)-(d);